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ANGELE DAVIS
COMMISSIONER OF ADMINISTRATION

State of Louisiana
Division of Administration
Office of State Uniform Payroll

March 24, 2009

OFFICE OF STATE UNIFORM PAYROLL MEMORANDUM #2009-37

TO: All ISIS HR Paid Agencies

FROM: Andrea P. Hubbard
Acting Director

SUBJECT: American Recovery and Reinvestment Act (ARRA), Federal Withholding Table Changes

The American Recovery and Reinvestment Act (ARRA) signed into law February 19, 2009 contains a provision reducing federal tax withholdings for most employees for calendar years 2009 and 2010. The "Making Work Pay Tax Credit" provides a refundable credit through a reduction in payroll taxes of up to \$400 for working individuals and \$800 for married couples filing jointly. IRS [Publication 15-T](#) provides the new wage withholding and advance earned income credit payment tables for 2009. Publication 15-T should be used in conjunction with information in [Publication 15 \(Circular E\)](#). The revised tables have been implemented in ISIS HR for pay period 7/2009 (3/27/09 pay date). Most employees will receive a tax refund in pay period 7/2009 or 8/2009 for tax rate changes back to the effective date of the Act (2/19/09).

Employees do not have to submit a new Form W-4 to get the automatic withholding change. If employees do not want their withholdings reduced in subsequent pay periods, they may file a new Form W-4 or change their withholdings through LEO. Agencies should advise employees that this work tax credit may place some individuals in an "under withheld" situation by year's end. In particular, married couples with both spouses earning wages or individuals working multiple jobs concurrently. In addition, non resident aliens that are subject to federal withholding and workers who can be claimed on another person's return (dependents) are ineligible for the tax credit. Taxation for non resident aliens is addressed in Publication 15-T. [Publication 919](#) can be reviewed for additional guidance on adjusting tax withholding. Employees should be advised to consult with tax professionals.

If you have any questions about the information in this memorandum, contact a member of the OSUP Wage and Tax Administration Unit at DOA-OSUP-WTA@la.gov or (225):

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